

To the Members of the California State Assembly:

I am returning Assembly Bill 1580 without my signature.

It is disappointing that a multi-year, complex bill on federal tax conformity is damaged when a single provision is inserted at the last minute, especially when the process up to that point had been built on consensus. There are many federal tax provisions that California does not conform with, many of which would be supported by some of the entities involved. Likewise, when there are provisions that others object to, these should be discarded as well.

Many provisions in this bill will help taxpayers and the state of California. However, I cannot support this bill until it reflects consensus. I would urge the Legislature to send me legislation that demonstrates the agreements reached prior to the inclusion of the last provision on erroneous refund claims.

I look forward to signing a measure that reflects all the work on this extremely important and complicated effort.

Sincerely,

Arnold Schwarzenegger